



HALEY BARBOUR  
GOVERNOR

## STATE OF MISSISSIPPI OFFICE OF THE GOVERNOR

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### Tourism

Will submit legislation to officially designate Highway 61 as “Mississippi’s Blues Highway” and soon unveil new signage on all highways through Mississippi recognizing our state as the “Birthplace of America’s Music.”

Disaster does not create character. Disaster reveals character. Katrina has revealed a character and a spirit and the nation noticed.

We must not stray from our mission

The agenda is clear; the direction is clearly toward the future

Pay homage to the past

Live in the present

Charts from budget presentation

Ihl

Cjc

k-12

Education

Pie chart

Job growth

Retail sales growth

National Civil Rights Museum – intro Reuben Anderson, Charles Pickering in gallery; half million dollars of private money already raised, 50m-100m total

Mississippi – Birthplace of America’s Music; Blues markers

Charrette – went from not knowing the meaning of the word to having one on the coast

Variation of “rendezvous with destiny”

### DPS

1. Safeguarding the motoring public with more troopers on state roadways as a result of the graduation of two Highway Patrol cadet classes.

2. Improving officer safety by providing officers modern and more effecient back-up pistols, shotguns, stun guns and body armor.

3. Emergency-response preparedness improvements:

- securing funding for a mobil outpost, the Pat Taylor Mobile



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Kitchen, which can provide 1,000 meals.

- Developing plans for providing communication among first responders, fuel for their vehicles, and other basic needs in the event of a disaster.

- developed SAR response for ESF9

Last year was a year of firsts; sum up the past, look ahead

Announce extension of housing assistance beyond Feb. 28?

Modular housing

I briefed the Legislature on the details last week, but for our viewers, the Katrina emergency appropriations bill will spend nearly 10 billion in federal dollars in Mississippi, over and above the \$15-\$17 billion already destined to be spent here under existing federal disaster assistance laws.

Most unprecedented is a program that will allow the state to use approximately \$4 billion of federal grant money to help homeowners whose homes were outside the flood plain but were destroyed by Katrina's storm surge. This was the top priority of the State and for our Congressional delegation, and, even though it had never been allowed before, Congress passed it and the President signed it.

The bill contains funds for highway and bridge reconstruction, to support law enforcement, for environmental restoration, to rebuild our military facilities and for naval shipbuilding. Unprecedented funds for social services and for economic and community development programs are included.

### 1. Katrina

Achieve a "wow" factor by highlighting with bullets all that has been accomplished in the last year in the Katrina recovery. CDBG programs; law enforcement grants; social services grants; assistance to school districts; progressive environmental legislation and funding through the utility authority; debris removal; reduction in the number of people in travel trailers; direct state assistance to hardest hit local governments; modular housing tax cut; etc.

### 2. The past 3 years of Legislative accomplishment



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Congratulate and remind the legislature on the significant reforms they have achieved in the last three years (tort reform, workforce training, balancing the budget, record education funding, UpGrade, Momentum Mississippi). Highlight the results of more and higher paying jobs.

3. Promote your legislative agenda
  - a. Balance the budget and rebuild our rainy day fund while investing in all levels of education
  - b. Focus on crime by increasing the number of narcotics agents by 50% and putting a new focus on punishing convicted felons caught in possession of a firearm
  - c. Help achieve a Healthy Mississippi by requiring all elementary school students to have 30 minutes of physical activity each day
  - d. Stabilize the insurance market by enacting reforms to the state wind pool

## **GOVERNOR BARBOUR ANNOUNCES BALANCED, CONSERVATIVE BUDGET FOR FY 2008**

*Education, Law Enforcement, Anti-Tobacco, Health Care, Other Programs  
To Benefit*

(JACKSON, Mississippi) -- Governor Haley Barbour today proposed a fiscal year 2008 budget that boosts funding for education and health, increases support for vulnerable children and the fight against illegal narcotics, and begins to rebuild the state's financial reserves – all without a tax increase.

The Governor's balanced budget proposal funds the operations of state agencies at about \$5.4 billion, an increase of more than 7 percent over Fiscal Year 2007. State law requires governors to submit an Executive Budget Recommendation to the Legislature by November 15 of each year.

"Despite bearing the brunt of the worst natural disaster that ever hit America, we have dug out of a \$720 million budget hole, provided the largest four-year spending increase ever for K-12 education, increased



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funding for community colleges and universities, and balanced the budget – all without raising anybody’s taxes,” Governor Barbour said.

“We must continue to work together to stay on the path toward more and better jobs, improved schools, safer communities, a healthier Mississippi, and stronger families, while rebuilding South Mississippi. This budget supports those goals,” Governor Barbour said.

Some highlights of the recommendation include the following:

- **Maintains commitment to education at all levels.**

This school year, teachers are making an average of 30 percent more than they were six years ago, after two consecutive 8 percent increases in teacher pay during the Barbour Administration. This school year, spending in public schools from federal, state, and local sources is estimated to be between \$7,600 and \$7,800 per student. Since Governor Barbour took office, state support for K-12 school districts through the Mississippi Adequate Education Program has increased \$323 million or 19 percent, while reforms have been enacted so better results can be obtained for the money spent. This budget provides another \$159 million increase in funding for K-12 public schools, including an additional 3 percent pay raise for teachers, lifting the average teacher salary to nearly \$43,000 a year.

In addition to the more than \$159 million increase proposed for K-12, the budget includes \$5 million for early childhood development initiatives to help kids be ready to learn when they begin school. “Since 80 percent of our four year olds are already being served by child care centers, Head Start, or pre-kindergarten, we should improve the infrastructure which is already in place by including more educational content,” Governor Barbour said.

### *Community Colleges*

Governor Barbour’s budget provides \$221,029,260 for the community college system, in addition to the more than \$30 million of workforce training dollars derived from the Workforce Training Enhancement Fund. This would be a \$23,341,303 increase over FY 07, or 11.8 percent. Since FY 04, when Governor Barbour took office, community colleges will have received an increase of \$48 million (27.8 percent) in addition to a doubling of their workforce training budgets.



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### *Universities*

The Fiscal Year 2008 Executive Budget Recommendation includes \$755,171,461 for universities. This would be a \$73.6 million increase over FY 07, or 10.74 percent. Under this budget, universities will have received an increase of \$166 million since Governor Barbour came into office in FY 04, an increase of 28.3 percent.

- **A 2 percent set-aside to rebuild the state's financial reserves to more than \$300 million by the end of Fiscal Year 2008. These reserves will protect state finances when the post-Katrina building surge subsides.**
- **A pay raise for state employees and 100 percent of the increased state employee health insurance and retirement costs.**

In addition to the \$13.3 million for the built-in costs of the 2006 state employee pay raise, Governor Barbour's budget contains \$25.2 million to provide all state employees under the purview of the State Personnel Board with 100 percent of the realignment recommendations or \$1,000, whichever is greater.

- **A constitutional and comprehensive approach for anti-tobacco and anti-drug efforts.**

The budget uses the \$20 million that previously had been unconstitutionally diverted away from the state treasury to fund Governor Barbour's "Healthy Kids" initiative. This program doubles the number of tobacco school nurses in public schools (\$5.1 million); sets aside nearly \$5 million for anti-tobacco advertising; dedicates \$5 million to the University of Mississippi Medical Center Cancer Institute; and dramatically increases the number of state narcotic agents (\$5 million) to fight the scourge of illegal drugs.

- **Public Safety**

The budget funds a Mississippi Highway Patrol training school for the third consecutive year. By adding 50 new trained and equipped highway patrol to our force, our state will be safer. There is no greater health threat



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to Mississippi's children than illegal narcotics and drug crime. An additional \$5 million for the Bureau of Narcotics will increase the state's support for the fight against drugs and provide 50 percent more narcotics agents to investigate and arrest the drug dealers who prey on our children.

- **Protecting Our Most Vulnerable Children**

In the 2006 session, Governor Barbour worked with the Legislature to enact significant reforms to the state's foster care system, as recommended by the Executive Director of the Department of Human Services. This budget includes an increase of \$16.5 million for the Division of Family and Children Services within the Department of Human Services to hire 108 additional direct service workers and provide increased financial support to families who provide homes to kids in our foster care system.

- **National Civil Rights Museum in Mississippi**

Working in tandem with the Legislature's task force, members of the Governor's Commission on a National Civil Rights Museum in Mississippi will complete an interim report by December 2006. For this effort to succeed, it will need the leadership and financial support of the private sector. However, government does have a role. To that end, the budget includes \$500,000 for the Department of Archives and History for planning costs associated with the development of this museum.

\*\*\* To view Governor Barbour's Executive Budget Recommendation in its entirety, go to [www.governorbarbour.com](http://www.governorbarbour.com).

GOVERNOR BARBOUR'S "HEALTHY KIDS" INITIATIVE

### *Protect Mississippi's Kids from Tobacco and Drugs*

(Jackson, Mississippi) – The health of Mississippi's kids is at risk from many factors, whether it is cigarette smoking or exposure to illegal drugs. Mississippi needs and deserves a constitutional and comprehensive plan to prevent our kids from getting hooked on tobacco just as Mississippi needs to



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beef up our efforts to stop our kids from getting hooked on drugs. We can do both with the \$20 million which has been unconstitutionally diverted to the Partnership for a Healthy Mississippi annually since December 22, 2000.

As I've said in the past, the Partnership for a Healthy Mississippi has done some good work, but Mississippi's taxpayers have not gotten their money's worth for the \$100 million the Partnership has spent, an annual amount twice as much as Mississippi spends fighting the scourge of illegal drugs.

There has never been an accounting of how the Partnership has spent this \$100 million given to the Legislature, the Governor, the Health Care Trust Fund Board, or the taxpayers. While it is claimed that the Partnership is audited, no certified audit of the Partnership's use of the state's money has ever been provided.

Even without the benefit of a comprehensive, independent audit of the Partnership for a Healthy Mississippi, there is no denying there has been waste and abuse of taxpayer dollars by the organization. For example, the Partnership spent \$20,000 on a newspaper ad that ran in newspapers across the state that had nothing to do with keeping youth from smoking. Instead, it was an ad praising former Attorney General Mike Moore for winning an award. In addition, the Partnership has awarded monetary grants which are tinged with politics such as the \$2.9 million given by the Partnership to the Legislative Black Caucus' foundation. These actions question whether the Partnership's priorities are more focused on politics than on stopping kids from smoking.

Mississippi's taxpayers should not have to rely on an unaccountable private organization like the Partnership for a Healthy Mississippi to fight youth smoking. Mississippi needs a new, comprehensive approach to fighting tobacco, and the diseases it causes, which builds on the things the Partnership has done well, but includes oversight to prevent the waste, abuse, and politicizing of public health efforts.

Recent legislative proposals and comments by the Chairman of the Partnership's Board, Mike Moore, indicate there is agreement that taxpayer money used by the Partnership must be appropriated by the Legislature and not unconstitutionally diverted by a Jackson County Chancery Court. All these monies must be deposited in the Health Care Trust Fund and then appropriated.

I have advocated the \$20 million be appropriated for Medicaid, since the federal government would then match the \$20 million on a more than 3 to 1 basis, generating a total of more than \$80 million of health care spending for Mississippi's children.

Today, in light of Medicaid's improved financial condition, I propose a constitutional and comprehensive program to reduce youth smoking and to fight the scourge of illegal drugs, while improving health care not only for our school children but for all Mississippians.



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In this session, the Legislature should appropriate the previously diverted \$20 million out of the Health Care Expendable Fund for the following purposes:

- Expand the School Nurse Program

Currently, more than 60 school nurses who implement tobacco prevention programs serve more than 50 school districts. This program's capabilities for education and outreach will be doubled by appropriating \$5 million to the Mississippi Department of Health.

- Maintain Anti-Tobacco Education and Advertising

We will continue to educate our children about the dangers of tobacco use by appropriating \$5 million to the Mississippi Department of Health for a coordinated advertising campaign to educate our children about the health risks of tobacco use. The Department of Health can contract with the same firms that do the marketing/advertising campaigns for the Partnership, if it chooses.

- Expand Cancer Research, Screening, Education, and Treatment

One of the University of Mississippi Medical Center Cancer Institute's primary research focuses is on the treatment and eventual cure of lung cancer. An appropriation of \$5 million to the University of Mississippi Medical Center will support the development of this Cancer Institute, enabling the Cancer Institute to continue to recruit nationally recognized scientists and support their research activities, while supporting day-to-day programs for cancer screening and education across the state.

- Increase the State's Support for the Fight Against Drugs

There is no greater health threat to Mississippi's children than illegal narcotics and drug crime. An additional \$5 million for the Bureau of Narcotics will increase the state's support for the fight against drugs and provide 50% more narcotics agents to investigate and arrest the drug dealers who prey on our children.

- Ensure Annual Accountability of All Funds

These appropriations should be reviewed each year by the Legislature to assess the effectiveness of the programs and to revisit the priorities in the context of the overall state budget. Where possible and eligible for federal 3 to 1 matching funds, all programs should be provided through Medicaid funds to maximize the benefits derived from the \$20 million.





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Tuesday, December 12, 2006

## **GOVERNOR BARBOUR UNVEILS FIRST MARKER OF MISSISSIPPI BLUES TRAIL**

(Holly Ridge, Mississippi) – Governor Haley Barbour yesterday unveiled the first marker of the Mississippi Blues Trail, which was dedicated to blues legend Charley Patton. The ceremony was one of three held yesterday to unveil the first three interpretive markers that are part of the first development phase of the Mississippi Blues Trail.

“This marker is the first of a long line to come,” Governor Barbour said. “The blues are a powerful part of Mississippi’s heritage and America’s musical history; the creation of the Mississippi Blues Trail is an appropriate way to capture this distinct part of our history and culture and also will undoubtedly serve as an economic development tool. People from around the country—indeed from around the world—will come to Mississippi to learn about and experience not only authentic Mississippi blues music but also the blues culture for years to come.”

State and local officials joined Governor Barbour at the unveiling ceremony, which was hosted by Mississippi Development Authority (MDA) Tourism Division in partnership with the Mississippi Blues Commission. Charley Patton, known to many as the “Father of the Mississippi Delta Blues,” blazed a trail as the blues’ preeminent entertainer and recording artist during the first third of the 20<sup>th</sup> century. An accomplished and inventive guitarist and lyricist, Patton was a flamboyant showman with a gravelly, high-energy singing style.

The second marker unveiled is located on the historic Nelson Street in Greenville where blues artists and audiences in the 1940s and 1950s gravitated to enjoy the flourishing nightlife and raw Delta blues, big band jump blues and jazz. The final unveiling ceremony was at the former site of WGRM radio station in Greenwood, where blues icon Riley “B.B.” King made his first live broadcast.

The Mississippi Blues Trail is one of the Blues Commission’s primary projects. The Trail will be composed of scores of historical markers and interpretive sites, and will include more than 100 locations throughout the



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state. The Trail will be developed in phases as funding becomes available. Phase One will consist of nine markers that will focus on higher profile locations and is expected to be completed by December 31, 2006.

The Mississippi Blues Commission was organized in October 2003 by executive order and was legally re-constituted in 2004 by the State Legislature through passage of Senate Bill 2082. The Commission is working closely with MDA's Tourism Division to develop the Trail that will give visitors an authentic cultural experience.

Barbour says proposed state budget is 'very solid'

Eds: Will be led.

By EMILY WAGSTER PETTUS

Associated Press Writer

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**State of the State Address**



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**January 15, 2007**

Lt. Governor Tuck, Speaker McCoy, ladies and gentlemen of the Legislature, fellow Mississippians: Thank you and good evening.

When I stood in this space for the first time in January 2004 and outlined my view of state government, I said the Executive and Legislative branches are partners, not adversaries. I said then that we represent the same people, and they rightly expect us to work together.

Tonight, as I stand here before you for my fourth State of the State address, I can tell you emphatically we not only can work together but over the past three years we have worked together to solve many pressing issues. Yes, I know there are those who throw out the flag of partisanship as if our work is a football game and some offense has been called and some penalty must be assessed.

To them, and all of you gathered within and beyond these walls tonight, I say healthy debate is not a sign of partisan weakness; it is a sign of governing strength. We differ, we bicker, we talk, we explore options, we work through it, and we will persevere in our mission of taking Mississippi to new heights of prosperity.

And we will do it knowing full well that more of the people in this chamber tonight have D's behind their names than R's.

The challenges of the past 18 months have been enormous. When the worst natural disaster in American history struck our shores and devastated our coastal communities, it would have been easy to throw up our hands in frustration at the simple thought of making it through another day.



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It would have been easy to bow down to bureaucratic inertia and the unnatural tendency of governments to get in the way of something like recovery. It would have been easy to leave more than 44 million tons of debris on the landscape to rot at its own pace. It would have been easy to tell xxthousand school children, sorry, the schools will be closed for a long, long time. It would have been easy to float on a tide of economic uncertainty. It would have been easy to tell more than xxthousand homeowners along our great Gulf Coast to do the best they can, that government is the enemy, that there is to be no help. It would have been easy to accept defeat, to look to fate alone for some kind of renewal.

But none of us could have lived with that sort of approach. We Mississippians are just not made that way. We brushed fate out of the picture and embraced faith – in ourselves and our institutions and in our religions and in our fellow Americans – as the thing that would carry us through.

Our faith that our country would respond in our time of need was not rooted in history, for the United States government had never given as much money or as much latitude to a state as Mississippi received under federal Katrina recovery legislation. Instead of relying on the pages of history as a guide we decided to write a whole new book guided by the light of genuinely innovative ideas. These ideas took the form of homeowner assistance through Community Development Block Grant programs, social services grants, law enforcement grants, assistance to school districts. We pushed the envelope to include progressive environmental legislation and funding through a new regional utility authority. We removed debris faster than has ever been done before. The number of people in travel trailers drops every day while direct state assistance



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to the hardest hit local governments has made them functional again. We didn't invent the word "charrette" but we did give it a modern meaning through creative ideas for new neighborhoods that include a mix of traditional and alternative housing, such as modular housing.

Tonight, I can report that we fought hard in Congress for the right to demonstrate a new way in America to help victims recover and rebuild from the horror of a natural disaster like Hurricane Katrina. Our efforts were rewarded with the Katrina emergency appropriations bill, which made available nearly 10 billion federal dollars in Mississippi, over and above the \$15-\$17 billion already destined to be spent here under existing federal disaster assistance laws.

Most unprecedented is a program that will allow the state to use approximately \$4 billion of federal grant money to help homeowners whose homes were outside the flood plain but were destroyed by Katrina's storm surge. This was the top priority of the state and for our Congressional delegation, and, even though it had never been allowed before, Congress passed it and the President signed it. A second phase will mean assistance for homeowners who suffered damage from flood surge regardless of whether they lived inside or outside the flood plain.

The Katrina bill carried funds for highway and bridge reconstruction, to support law enforcement, for environmental restoration, to rebuild our military facilities and for naval shipbuilding. Unprecedented funds for social services and for economic and community development programs were included.

I said from the beginning that programs and the dollars that fund them would be audited and investigated to ensure that monies are spent wisely and appropriately. Critics have whined; let them. I have learned it's only about eighteen inches from a pat on the back to a kick in the pants. I accept the fact that I made mistakes, state government made mistakes, local governments made mistakes, the federal government made mistakes. But I will never back away from my commitment to demonstrate to other Americans that their faith in us is on solid ground no matter the weather.

Nor will I forget the overwhelming generosity of our federal government. To date, Mississippi has received an astounding level of assistance:

((BULLETS, RECOVERY FACTS)))



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And, running the risk of what my old boss Ronald Reagan often described as “committing news,” I am pleased to announce to you that I learned earlier today the Federal Emergency Management Agency has approved my request to extend federal disaster housing benefits until the end of February in the year 2008.

This one-year extension gives people another 12 months to rebuild or repair their homes and get on with the business of building a better life. It’s another extraordinary example of how the federal government continues to help us help ourselves.

Last year, I opened my State of the State speech by saying, “It is my privilege to report the State of the State is better today than it was last year but not as good as it will be this time next year.”

In the wake of Katrina, the worst natural disaster in American history, and all the destruction she caused as she made a direct hit on the Mississippi Gulf Coast and slashed through south Mississippi and up through the eastern half of the state, in what condition do we find Mississippi today?



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All of us grieve for the families of the fourteen Mississippi Guardsmen who made the ultimate sacrifice in Iraq for the cause of freedom, and I ask that we observe a moment of silent prayer in their honor and memory.

The 155<sup>th</sup> performed its mission exceptionally well; so we are not only glad to have them home, we applaud their achievements.

When I visited their four forward operating bases in Iraq during the Thanksgiving holiday, I learned they had so successfully cleaned out and cleaned up their area -- which was called "The Triangle of Death" when they were assigned to it in 2004 -- that in November, Iraqi Security Forces were conducting the operations the 155<sup>th</sup> had carried out back in the spring. Their success and that of others like them is why US troops are coming home, turning over their duties to Iraqi forces. Congratulations, 155th, on a job well done.

In the year and a half prior to Katrina, that this Legislature and my Administration had been in office, the state of our state improved significantly and demonstrably.

During that period, on our watch so to speak, the state's economy grew at the fastest rate since 1995; personal income of Mississippians increased faster than in any year since 1998; and employment -- the number of people working -- went up the most since 1999.





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Those improvements in the state's economic situation not only helped Mississippi families and businesses; they also helped Mississippi's government.

The year you and I ran for office, the state's budget had a \$700 million shortfall, a gap equal to 20% of general fund revenue; special funds were raided in the amount of \$270 million; one time money was spent on recurring expenses to the tune of hundreds of millions.

The budget you passed in May nearly achieved structural balance, quite an accomplishment in only two years, and it dipped into special funds by only a fraction of the 2003 total. In fact, based on actual revenues collected in the current fiscal year, full structural balance would be achieved in this budget year.

Another major achievement in state finances is that last fiscal year, the state's bonded indebtedness actually declined for the first time in 18 years. I congratulate State Treasurer Tate Reeves on the job he is doing managing our debt.

The two keys to returning the government to financial balance have been and will continue to be controlling state government spending and increasing state revenue through economic growth and job creation. Remember, we've eliminated this \$700 million budget hole without raising anybody's taxes!



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I recognize the Legislature has had to make some hard choices...some politically unpopular decisions, and I commend you. The budget for the current fiscal year actually sets spending at 1.75% less than spending for last year.

The second key to digging out of the deep budget hole we found ourselves in has been economic growth. State revenues grew only 2% the year you and I started our 2003 campaigns. The first year of this Legislature and Administration, tax revenue went up 4%; last year it increased nearly 8%. Revenue increases doubled two years in a row, even though we didn't raise anybody's taxes. And I hope this makes it easy for you and our viewers to understand why I'm against raising anybody's taxes. I expect the viewers also understand that in a period fiscal uncertainty this is not the time to reduce revenue by cutting taxes either.

Again, I want to commend you, the Legislature, for making tough decisions. One reason our economy improved and revenue increased was tort reform, which caused insurance rates to fall. Another reason was the reform and increased funding of workforce development and job training. Your passage of the initial Momentum Mississippi legislation will help continue economic growth and stimulate job creation and retention. Getting state spending under control has also been essential to business confidence and maintaining our bond rating.

While the jury is still out on the effects Katrina will ultimately have on our budget, the verdict is clear that Katrina brought out the best in most Mississippians.



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Beginning the very night of the storm, my wife Marsha began going to the Coast; working with first responders; finding help for people with special needs; encouraging local officials. She became my eyes and ears, and I'm very proud of you...and grateful to her. One day the Sun-Herald ran a story referring to Marsha as "an angel among us."

It was Marsha who first described to me the strength, resilience and self-reliance of the affected people; who told me about both the can-do spirit and the pervasive selflessness she found.

Indeed the single biggest factor in the amazing response to Katrina has been the spirit of Mississippians. From the fateful day of August 29 through every stage of search and rescue, relief, recovery, rebuilding...the affected people in South Mississippi and especially on the Coast have been an inspiration.

Our people didn't whine or mope around; they're not into victimhood. Immediately after the storm passed through, they hitched up their britches and began helping themselves and helping their neighbors. The stories of ordinary people performing extraordinary acts of courage and selflessness are extremely common. The first responders, law enforcement, national guard, and military; but also neighbors helping neighbors, churches helping the needy and poor people



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more interested in others getting assistance. That Mississippi spirit was obvious to people across the country and around the world.

I salute the local elected officials who stayed put, made decisions before as well as after Katrina. Those decisions saved lives, as did the thousands of inland families who took in friends and family before the hurricane struck. The death toll, while large, was remarkably low compared to the enormity of the devastation; the decisiveness of local officials in ordering evacuations played a major role in that. And those local officials deserve immense credit for the fact that continuity of government never broke down in Mississippi as it could have. Those local governments stood tall, and we are going to stand with them, now and in the future.

Three of those outstanding officials are here with us. They are School Superintendents who got their schools back open in record time, helping Mississippians return to their communities and begin rebuilding. Let me introduce Kim Stasny from Bay St. Louis/Waveland, Rucks Robinson from Jackson County and Glen East from Gulfport.

Before discussing our plans to help the devastated areas rebuild and renew themselves, I must again thank the American people for their help.



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Katrina, the worst natural disaster ever to hit America, appropriately generated the greatest outpouring of philanthropy and assistance in our country's history. And that generosity has made a huge difference in our relief and recovery. Corporate America and small businesses, philanthropists and everyday citizens have been incredibly generous; and we genuinely appreciate everyone, especially the thousands and thousands of volunteers who've helped.

But I must single out the churches and faith-based groups, who were there on day one and are still there in meaningful numbers today. Theirs were the most powerful and productive efforts, and I must say hundreds of those volunteers – Protestants, Catholics, Jews and believers of other faiths – told me that by God's grace they feel they got more out of their mission than the people they were helping. What a great blessing these groups, churches, and volunteers have been.

And I'd be remiss not to mention the crucial contributions of our sister states. Those Governors, Democrats and Republicans, sent us their state's resources in an unprecedented manner, and they made a difference.

There has been plenty of controversy about the federal role in relief and recovery. While it hasn't been perfect, and in fact couldn't be, the federal agencies have done a lot more right than wrong. The Coast Guard's helicopter crews, the U.S. Department of Transportation's fuel supplies, the Seabees and their expertise all made a huge difference at critical times.



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The President has repeatedly extended deadlines for emergency relief and debris removal that provide hundreds of millions of federal assistance dollars. The Bush Administration proposed an unprecedented package of assistance to help the states and people affected by Katrina. And on behalf of a grateful state, I thank President Bush.

A last chapter on the verdict of the effects of Katrina relates to our Congressional delegation, the 109<sup>th</sup> Congress and its leadership. Mississippi's delegation worked ceaselessly to get us the assistance we need. Every member, Republican and Democrat; House and Senate. My office and the delegation worked together on a regular, bipartisan basis, and I appreciate the helpful attitude of all six members.

At the end of the day, a few weeks later than had been hoped, Congress passed and the President signed two unprecedented laws to help Mississippi and the Gulf Region not only recover and rebuild but to renew itself. A third important bill will be up for final passage later this month.

The United States government has never given anything like this much money or nearly this much latitude to a state as Mississippi receives under this legislation.

I briefed the Legislature on the details last week, but for our viewers, the Katrina emergency appropriations bill will spend nearly 10 billion in federal dollars in



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Mississippi, over and above the \$15-\$17 billion already destined to be spent here under existing federal disaster assistance laws.

Most unprecedented is a program that will allow the state to use approximately \$4 billion of federal grant money to help homeowners whose homes were outside the flood plain but were destroyed by Katrina's storm surge. This was the top priority of the State and for our Congressional delegation, and, even though it had never been allowed before, Congress passed it and the President signed it.

The bill contains funds for highway and bridge reconstruction, to support law enforcement, for environmental restoration, to rebuild our military facilities and for naval shipbuilding. Unprecedented funds for social services and for economic and community development programs are included.

Critically, Congress, with the Bush Administration's support, amended the original education support provisions so Mississippi would get appropriate assistance for our schools, which have been back open for months. This change was critically important to our state, and we appreciate Secretary of Education Margaret Spellings for helping us get this change made.

Almost simultaneously, Congress passed the Gulf Opportunity Zone Act, which the President had proposed to stimulate private investment in our area. I expect the tax incentives in this law to be extremely important to the rebuilding and renewal



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of our affected areas. The tax incentives for projects in Mississippi are expected to total in excess of \$8 billion, and they will both stimulate essential private sector investment and create jobs.

Our whole delegation worked hard for these bills, but I must specifically thank Senator Thad Cochran, who, as Chairman of the Senate Appropriations Committee, patiently and effectively guided this unparalleled appropriations bill to passage. It is a giant tribute to Thad's ability and stature that our state is being entrusted with these much needed funds.

The tax bill – the Gulf Opportunity Zone Act – got hung up in the Senate. By the force of his personality and leadership, Senator Trent Lott single handedly broke the logjam and got the law passed.

No state has a pair of U.S. Senators near the equal of Thad Cochran and Trent Lott. They made us proud last month, during our state's hour of greatest need. We owe them a great debt of gratitude.

We also owe them, the delegation, the entire Congress and the Administration good stewardship of these billions of taxpayer dollars. I take this opportunity to report on behalf of our State, Mississippi will be a good steward of the taxpayers' money. We are putting into place systems of controls and accountability. We will





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be held accountable to spend these funds in a reasonable and responsible manner. We will meet that standard.

Because of our Congressional delegation and the federal legislation, we will have the resources we need to rebuild and renew. Because we have strong leaders in local government in the affected areas, continuity of government was never lost and recovery makes progress everyday. And because of the love and commitment of citizens to their communities on the Coast and in South Mississippi, our schools are operating, small businesses are back open, and the vast majority of the people are back in their home communities. All these things cannot help but make one optimistic about the future.

Another special factor makes me even more confident: The work of the Commission on Recovery, Rebuilding, and Renewal. I want to recognize Jim Barksdale, who has done a magnificent job of leading this Commission. Its work has exceeded my greatest expectation.

I was sent the Commission report on December 30, on schedule. It is more than impressive, and it will be – already is – extremely useful as the affected areas go forward.

Importantly, the report is the product of an inclusive, participatory, collaborative process in which literally thousands of Mississippians took part. Although the



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Commission's report won't be available to you and the public until Wednesday, let me mention a few major issues I will ask you to consider after you read the report:

1. Authorizing the formation of regional organizations for delivery of certain public services, as has previously been authorized and implemented by the DeSoto County Regional Utility Authority;
2. Innovative transportation projects that improve evacuation when future storms hit; that divert traffic from Highway 90, so it can again be a tourist-attracting Beach Boulevard; and that allow the Port of Gulfport to recover and rebuild as a stronger maritime cargo operation; and
3. Helping the local governments get back on their feet financially.

On this last point, it is critical to recognize the difference between the fiscal condition of the State and that of many local governments in the lower six counties. At the state level there remains some uncertainty about both revenue and needed expenditures, but as, you will see, of now the State is in good shape on both counts.

On the other hand a number of local governments are drowning from both required extra expenditures and definite losses of revenue. They are borrowing from both the State and federal governments. It will be years before their ad valorem taxes



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come back, even though there is likely to be a great surge of construction and development in these communities.

To deal with this I will ask the Legislature to authorize – authorize, not require – impact fees to be assessed by these local governments on new development projects in their communities. This will have the effect of advancing revenue on these developments so the local governments can provide services and, indeed, survive.

During the Katrina Special Session in September, the Legislature authorized me to form an office within the Governor's Office related to recovery, rebuilding, and renewal. I have done that. Because the September legislation did not provide funding or personnel slots, I am paying for this with no state funds. That is not said in the nature of a complaint; it is appropriate that we use federal funds to pay for this office; a part of its mission is to maximize federal funding.

I'd like to introduce Dr. Gavin Smith, Director of the Governor's Office of Recovery and Renewal, and Brian Sanderson, his deputy.

I expect this office's work with state and local government entities to pay major dividends. I also appreciate State Auditor Phil Bryant for the help his office has been giving local governments in the areas of accountability and documentation of emergency efforts.



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For all these reasons and efforts, I'm very bullish on where South Mississippi and the Coast will be in 2, 5, 20 and 30 years. We have a mighty tall mountain in front of us, but that Mississippi Spirit leaves me no doubt about the outcome.

I am pleased to tell you that even in the wake of Katrina, the budget you adopted for the year appears to be holding up. There is still some uncertainty, which is why I think most everybody believes we should not try to do the budget and appropriations until March.

But halfway through the fiscal year, as of December 31, actual revenue collected was \$80 million above the estimate on which this year's budget was based. We don't know if this growth will continue, but the overage is enough to cover the principal planned budget shortfall, which is in debt service. While we had foreseen and believed before Katrina that actual revenue would more than cover this shortfall, I'm pleased to report that, so far, that's holding up.

I'm also pleased to report that despite Katrina, no major state department or agency is overspending its current budget; therefore, there is no reason for any deficit appropriation, except for debt service, because actual spending through the end of December is within the amounts consistent with the budget you passed in May.



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The ability of our departments and agencies to manage within their budgets is a great testament to their leaders and the state's employees. And this has been accomplished despite the fact some legislative provisions have actually made it much more difficult for them than it should be to stay within their budgets. I will ask you to lift those counterproductive restrictions so our state's public servants can produce more for our citizens. Still, you can see why I hope our budget situation in March will allow a pay raise for our state employees this year. And I hope we'll be able to give them another increase next year. They've earned it. They deserve it.

As preeminent as Katrina and its effects are on our agenda, we have all of the state and other important issues to address between now and the end of March.

This year we must address the needs of our foster care system and the more than 3000 vulnerable children and families it serves. The provision of quality foster care is difficult but critical, especially when not only Katrina's destruction but also the explosion of crystal methamphetamine and other narcotics have significantly increased the number of children needing foster care.

I will ask the Legislature to pass bills to increase both the number and quality of social workers actively involved in direct care, so resources are used more effectively to insure the foster care system is improved.



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Shifting our focus, I want to talk to you about an industry and an area that require special attention: Our furniture manufacturing industry located largely in Northeast Mississippi.

The Franklin Center for Furniture Manufacturing and Management at Mississippi State reports our state's furniture manufacturing firms employ some 27,000 people, down from 31,000 in the late 90's. That 12% job loss is far less than the job losses that have occurred in the case goods industry in Virginia and the Carolinas, but it is a clear warning. According to the Franklin Center, we must learn how our competitive advantages can be maintained and improved on. I am committed to increasing our advantages and keeping our \$4.1 billion furniture industry healthy, and employing Mississippians.

We began two years ago. The furniture industry told former Commerce Secretary Don Evans and me in 2003 that improving workforce quality was the best way to help the industry stay healthy. You know all that's been done to achieve that, and I know the industry appreciates the Legislature's efforts.

Tort reform has helped control their cost of doing business. No tax increases also has helped keep those costs down. We've helped create a foreign trade zone for Northeast Mississippi to reduce costs for Mississippi companies that use it.



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Tonight, I propose using funds you made available when you passed Momentum Mississippi legislation last summer, to help our furniture manufacturers qualify to get the benefits of the Foreign Trade Zone. We'll match companies dollar for dollar for their costs in applying, activating, training and commencing Foreign Trade Zone participation. It is estimated this program will save some 2000 jobs at a cost to the state of only half million dollars or so.

We will also assist the Tupelo Furniture Market in its national and international promotion in the amount of \$200,000 a year, based again on a 50-50 cost share. These funds also will come from Momentum Mississippi legislation. And let me introduce Anthony Topazi, Chairman of Momentum Mississippi.

The furniture industry is hugely important to all of Mississippi. Some people seem to have given up on it; I haven't. And I oppose using the challenges facing the furniture industry as an excuse to pit the economic development project of one part of the state against the projects of the rest of the state. As a candidate for Governor, I said I wouldn't play favorites among the efforts by different parts of the state to attract jobs. I said it, and I meant it.

There is another part of the state about which I'm concerned; one I feel it is crucial to help. The area is our Capital City and Hinds County.



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Recently, Mayor Frank Melton and Sheriff Malcolm McMillin came to see me. They asked if I'd help them fight crime, especially drug and gun crime in Jackson.

The Sheriff and the Mayor are here with us. I'm pleased to recognize them. I'm more pleased to propose we in state government help our Capitol City become a greater asset to our state as well as a better home to its citizens. I ask the Legislature to pass a bill to allow the Governor to appoint a Special Circuit Judge for Hinds County solely for the purpose of hearing criminal cases involving drugs and guns. This is what the Mayor and the Sheriff believe is needed; it is what they've asked for.

Why? The Hinds County jail facilities are so overloaded that misdemeanor criminals aren't even incarcerated. They're filled with felons awaiting trial, and the number of untried felons has increased 18% in three years. But Hinds County has lost population, so, under our regular system of adding judges, which is based on population, the statistics say Hinds County doesn't need more judges. But those statistics are wrong. Don't take my word for it; ask the Mayor and the Sheriff, the fellows who have to deal with drug and gun crime here in Jackson.

Here are the facts:





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- In November, the Hinds County facility in Raymond was over its federal court allowed limit by 43, and 98% of capacity were indicted pre-trial felons;
- Criminals go for years without a trial;
- The overcrowding and delay led the Public Defender's Office to say "The deals get better for my clients;"
- The cost will be less than \$200,000 per year, a bargain if it helps reduce drug crime and gun crime in Jackson.

After I was elected and before I was inaugurated, Attorney General Jim Hood and I discussed the problems facing criminal justice in Hinds County, and he was very helpful. If you allow the appointment of the judge for a limited period, I've discussed with the Attorney General insuring there are enough prosecutors to get criminals prosecuted in the Court effectively. I appreciate his help and concern about this problem.

The last issue I want to discuss is the biggest priority we have year in and year out. Even in the wake of Katrina we all know we must continue to improve our education system.

Last year, the Legislature considered my UpGrade Education reform proposal. It was developed with strong support from my 250 member Teachers Advisory



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Commission. These leaders of the commission are here: Tanza Brown, Josie Williams, and Larry Perdue

I'm grateful that last year the Senate passed it 95% intact with only two votes against it. The House passed it about 80% in that again by a huge margin. However, there was never a conference report, so I will be asking you to consider it this year.

I believe the proposals are not only good policy but will also significantly improve education in Mississippi.

You will recall the leaders of K-12, community colleges, and universities endorsed UpGrade last year. I've been working on this with them again, though we have a couple of new leaders in place. I want to recognize and thank them for guiding me on these issues. Let me introduce State Superintendent Dr. Hank Bounds; Community and Junior College Director Dr. Wayne Stonecyper; and the Commissioner of Higher Education Dr. Tom Meredith. They are a very talented and dedicated group, and I appreciate their tireless efforts.

Education is the number one economic development issue and the number one quality of life issue in our state. It is rightly our top priority. We spend 62% of our budget on education. While this year overall budgeted state spending is lower than



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last year, our school teachers have received a second consecutive 8% pay raise, and they are making 30% more than five years ago. State spending on K-12 education is 7.2%, or \$143 million, higher than last year. Per student spending in our public schools is more than \$7000 this year, a record amount.

K-12 spending will increase again, but I urge the Legislature to give special attention and priority to higher education needs when we take up the budget in March. While we have had large and appropriate increases in spending for public schools in the last several years, state spending for universities and community colleges has gone down significantly over the same period. But, again, March is the time to take up such budget issues. The UpGrade reforms are not about funding; they are about fundamentals.

- Liberate successful schools and give them home rule. Here is an example of why: In 1994, the Gulfport School District wanted to purchase revenue interruption insurance in case a hurricane devastated their local tax base. But then-Attorney General Mike Moore correctly told them that because the school district did not have home rule, they did not have the authority to make that wise decision.
- Focus on dropout prevention. About 40% of Mississippi school children drop out before they graduate. Think what a difference even a small reduction in the drop out rate would mean.



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- Prioritize teacher recruitment and retention. Nothing is as important as a quality teacher in every classroom.
- Recognize discipline is a big problem in many schools, and as my 250 member Teacher Advisory Committee has told me, more young teachers leave teaching over discipline than over pay.
- Hold parents accountable for the behavior of their children.
- Institute a pay for performance program like North Carolina has to reward increases in learning achievement.
- Redesign high school so every student who desires to can get at least a semester worth of college credit in his or her senior year of high school.
- Expand the dual enrollment program and make advanced placement classes available in every school within three years.
- Especially in light of the Cisco and Bell South investments, we must expand the use of technology, online education and distance learning so every child can have access to the best education.

These are several of the goals of my UpGrade Education reform package. I'm grateful to Senate Education Committee Chairman Mike Chaney and House Education Committee Chairman Cecil Brown for their counsel on this package and for their consideration of it.



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I ask every legislator to support the final product. I believe as you review it, you will see that it is a common-sense, positive reform that will improve education in Mississippi, not for some but for all.

My speech has covered a variety of subjects – from renaissance after Katrina to cracking down on drug crime to improving education, our perennial priority.

None of these issues or solutions is political or partisan. These are my ideas about what we should do to improve our state and the lives of Mississippians. I offer them with no agenda except that I think they are good policy, and I ask you to receive them that way. That ought to be one effect of Katrina on all our activities.

It is not lost on me that Jim Barksdale, who chaired my Commission on Recovery, Rebuilding, and Renewal after Katrina, was also my opponent's biggest contributor. That was irrelevant to him and to me; the point is Jim Barksdale wants to help Mississippi, and he was, as he proved, the best man for the job.

Our quest for renewal has produced many such efforts to help, by people who have historically been political opponents. That has been so healthy and so productive.

It is an extension of that Mississippi Spirit; that can do attitude of helping ourselves but also helping our neighbors. It still is an inspiration to me and I hope it inspires everyone to see what Mississippi can be... will be... must be.



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Last year's gigantic catastrophe, with all its destruction, gave birth to a renaissance in Mississippi that will surely result in rebuilding our state bigger and better than ever before, but I believe it will also spread prosperity and dignity across more of our citizens than ever before. I ask you to embrace that vision.

State of the State Address  
Governor Haley Barbour  
January 26, 2004  
House Chamber, New Capitol

Lieutenant Governor; Mr. Speaker; Fellow State officials, Members of the Legislature, Members of the Executive Council and fellow Mississippians.

It is a humbling honor to come before you tonight for the first time as your Governor. I want to start by saying to my colleagues in the Legislature: many of you were kind enough to be there for my swearing-in and listened to my Inaugural Address, and now, in less than two weeks, you're being subjected to hearing me speak again... These are the sacrifices you make as a public official.

My old friend, State Representative Steve Holland, caught me in the hall today and said he'd read in the paper that this speech was going to last 40 minutes. He asked me if that were true. I said, "Only if you applaud a lot." He laughed and said we ought to be safe.

Steve did give me some advice. He said that it was always a good idea to put your best foot forward. With that in mind, allow me to introduce to you my greatest asset...my partner for the last 32 years and in the journey that lies ahead...my wife Marsha.



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Already, I am faced with a good news/bad news situation. The bad news is that my great friend, former Representative and Speaker Pro Temp Robert Clark is not here to serve with me. The good news is that his son, Representative Bryant Clark, is here. And even better, I understand that you are going to name a state office building for Robert Clark. Nothing could be more appropriate or deserving, and I will support you in that effort.

I want to thank all of you in the Legislature who participated in my Inauguration, and especially in our transition process and the Jobs Summit last month. Your support and counsel in helping us get started was needed and appreciated.

My view of state government is one where the Executive and Legislative branches are partners, not adversaries. We represent the same people, and they rightly expect us to work together. I'm dedicated to that proposition and again pledge to be a good teammate and a strong leader for our team.

I have heard Texas Governor Rick Perry claim that his state has the constitutionally weakest Governor of any state in the country. Well, I beg to differ. As former Governor Paul Johnson, Jr. used to say: As Governor of Mississippi you have two choices...you can

work with the Legislature, or you can fail. Well, I'm not into failure... so I look forward to working with each of you to make sure we all succeed. That's the way for our state to succeed...for Mississippi to do better.

My duty tonight is to report on the state of the state. My short answer as to the state of our state is simple: Not as good as it's going to be. I think we all know that Mississippi is not reaching its potential, and I think we also know that we have a moment of opportunity to do something about that.

The message of my Inauguration was that now is the time to seize Mississippi's Moment. Tonight I want to talk about giving our people, and our economy, the tools necessary to do just that.

First and foremost, my budget will state very clearly that we do not need to raise anybody's taxes -- period. And because keeping taxes down is so critical to job creation, I consider my budget the first piece of our job creation and economic development plan.

I sense the Legislature's sentiment not to raise taxes, and I look forward to working with the Lieutenant Governor and President Pro Temp Travis Little and with Speaker McCoy and Speaker Pro Temp J.P. Compretta. I've already talked with Ways and Means Chairman Percy Watson and House Appropriations Chair Johnny Stringer as well as Senate Chairs Jack Gordon and Tommy Robertson. I'm grateful for your attitudes of working together.

But tonight's address is not about our budget; it's about our blueprint. A budget is a plan reduced to numbers. Later this week I'll make my budget submission including an administration-streamlining plan. Our budget will broadly accept the Legislation Budget Committee's recommendations. Then it will highlight some additional spending priorities I consider crucial and the ways to pay for them. But the budget is later; tonight, I'll stick to our plan.

Job creation is our state's most urgent need, and job creation will be the first immediate priority of my Administration. Better, higher paying jobs can only result if we have a business climate conducive to creating and retaining those jobs. An essential element of such a business climate is to keep taxes down. That's why I consider not raising taxes the first point of our economic development plan.

Beyond that, raising taxes is the enemy of controlling spending, and controlling spending is the way to get our budget back in line over the next two years.





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Getting back to economic development, allow me to introduce a man who made good in Mississippi and now wants to do good for Mississippi... our new Mississippi Development Authority leader... Leland Speed.

Mississippi is fortunate to have someone of Leland's stature as its ambassador to the business world.

While Leland and the MDA plant the seeds of job creation, it is our job as state leaders to make the soil for those seeds fertile. One way to do that is to continue the work this Legislature began in 2002 to reform our civil justice system.

We must eliminate lawsuit abuse in Mississippi. Lawsuit abuse continues to threaten the quality of and access to health care in our state. Businesses will not locate in a place if they fear their employees and families cannot get quality health care. We must do more to end medical lawsuit abuse.

I propose an independent review panel to screen all medical liability cases. If the panel of experts says the case has no merit, then the plaintiff can still sue. But the review board's findings would be admissible in court, and the plaintiff would go forward under the English Rule. That is, the plaintiff and the plaintiff's attorney would have to pay the defendant's costs, if the plaintiff loses in court.

We not only need to revisit our tort system in medical liability; we need to do more to end lawsuit abuse, generally.

We must have additional reform in the areas of joinder and venue. We have to stop the abuses of joining parties in lawsuits purely for the purpose of getting jurisdiction in the state courts and venue in certain counties. Our joinder and venue loopholes allow huge mass tort suits to be filed in our state courts by thousands of non-Mississippi plaintiffs. That's wrong. It's unfair. It has to be stopped.

The cap for non-economic damages should not apply just to medical liability cases. There is already a cap on non-economic damages in workers comp and state tort claims cases. We should also have a reasonable cap in general civil liability cases.

The punitive damages cap in our statute should also be revised. For one reason, there must be certainty as to what it means.

More work needs to be done to make liability and damages commensurate with fault. Improvements have been made in our joint and several liability rules, but we should tighten this up more.

Common sense tells us that we should do more to protect innocent sellers and landowners, but we should not allow them to be used as pseudo- parties just to get Mississippi jurisdiction and venue.

Additional civil justice reforms are certainly needed, but laws are only one part of our legal system... judges and citizens are other key parts. To assist me in appointing the best judges possible, I have issued an Executive Order



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establishing a Judicial Appointments Advisory Committee. Its purpose is to ensure that no judge is appointed who does not have the needed ability, integrity and commitment to fairness to all.

And to make citizen service on juries in Mississippi more people -friendly, Senator Billy Hewes has introduced the Jury Patriotism Act. This legislation would allow those called for jury duty to schedule their service within a six-month window. It is difficult to have

a true jury of one's peers when so many people are excused from jury duty because they did not have enough time to rearrange their work or family schedule. This idea has been endorsed by organizations as diverse as the National Federation of Independent Businesses, the voice of small businesses, and the AFL-CIO, and I am endorsing it tonight.

One of the most important elements for job creation in Mississippi is to have more of our workers get the skills needed to do the jobs. More than 80% of our workforce doesn't have a college degree. That number will still be more than 70% for the rest of my life. These workers make our economy hum. But we as a state are not directing enough attention or commitment to these working people.

We all know that some businesses and industries have not come here for fear of not being able to find enough skilled workers. Concern about workforce issues is also very important to businesses that are already located in our state. In a recent survey, 94% of Mississippi employers said more state support for workforce training should be a top priority.

We have a complex web of workforce development programs. More than 10 state agencies have some workforce development function. You can imagine, it's not easy to coordinate all this and make it user-friendly.

The result is: many employers and workers are not utilizing these programs. That means Mississippi is not maximizing our workforce training investment or the federal dollars allocated to us.

Our community colleges should be given more of the franchise in workforce development and training. They have a proven record of performance in workforce training and a well-deserved reputation for tailoring programs to meet specific needs and, thereby, create jobs. The community colleges have the ability, and they are ready and willing to take on more responsibility.

To ensure better coordination of workforce development efforts, I propose we integrate the efforts of the state Workforce Investment Board with those of the State Board for Community and Junior Colleges. This will give consistent direction and focus to our overall workforce development strategy.

A good example of how this would work is the WIN Center in Tupelo. All the involved state agencies, higher education, and the private sector work together, and both the employers and potential employees get the benefits of one-stop shopping.

Of course, a lot of employees will still get job training from their employers. To increase and improve these programs, I propose giving employers more



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incentive to upgrade the skills of their workers by reforming the job training tax credit.

I am committing all of the resources of this administration to workforce development, and I hope the Legislature will join me in this effort.

One of the most important industries in Mississippi produces only one product: freedom. But our military bases do more than just protect America; they provide jobs for more than 35,000 Mississippians. With another round of base closings on the horizon, I want to thank the Legislative Budget Committee for recommending that the efforts of the Mississippi Military Communities Council be put back under the control of this Administration. We are going to make protecting our military bases a top priority.

Sometimes, with so many man-made economic opportunities around us, it is easy to take for granted the beautiful and abundant natural resources that are Mississippi treasures... both economically and recreationally. We are blessed to be a tourist destination in a fabulous location, here in the center of the fastest growing region of the country, flanked by two great waterways, with outstanding ports on the Gulf.

Know that agriculture, forestry, catfish, seafood and other industries that spring from Mississippi's fields, woods and waters will always be prominent in our economic development efforts. The hospitality industry has far more potential for growth in our state, and industries that add value to our natural products must renew their momentum.

On Friday, I attended the opening of the Franklin Center for Furniture Manufacturing and Management at Mississippi State. Its goal is to help our furniture industry be more productive and stronger competitively.

Speaker McCoy and I share a vision of helping our universities help our business be more successful, and that vision is embodied at the Franklin Center. Next week, we'll receive our first presentation on the McCoy Plan, and I'm ready to assist in its success.

This is my second Monday as Governor. My first Monday, last week, I was in Greenville to announce the relocation of a Textron operation to Washington County, bringing with it 500 new Textron jobs plus many more at ancillary support operations.

I believe in the Delta and I am committed to economic growth in the Delta.

But I feel the same obligation to every other part of the state. If any area, or any group of people is left out, it holds back to the rest of the state.

Economic development and job creation in a state as large and diverse as Mississippi cannot be "one size fits all." We'll develop economic strategies for each area of the state because every area needs and deserves the state's assistance.



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Of course, the mother's milk of economic development is education. I share this Legislature's goal of making education the top funding priority. We're making progress in education in our state, and we have an outstanding State Superintendent, Dr. Henry Johnson. I look forward to working with him to make sure no child is left behind.

The first requirement for a quality education is a quality teacher in every classroom. I commend the Legislative Budget Committee for recommending fully funding the teacher pay raise, and I concur in the recommendation.

I want to let you know that the largest increase in my budget will be to restore some of what has been cut from our universities and community colleges. My reason is simple: we want to make community colleges a key part of our workforce development efforts and to make our universities the leaders in turning their research into commercial products and services. These institutions are where economic development and education meet, and that is too important a place to cut. Our institutions of higher learning are economic gold mines, and we must do a better job of mining them.

I've discussed the teacher pay raise, but we need other incentives besides just pay packages to recruit new teachers in our public schools. Mississippi faces a significant teacher shortage, and as any school superintendent will tell you, the problem gets worse every year.

To try to address this problem, this Legislature passed the Mississippi Teacher Shortage Act in 1998. An important component of this bill was to provide scholarships and other incentives to attract future teachers.

These programs to recruit new teachers require those future teachers to be education majors and to be from Mississippi. But our state schools of education are producing fewer than 1000 teachers for Mississippi schools annually while we need nearly 3000 new teachers a year. We should open the programs to students from out of state, if they are willing to stay and teach here; and we should allow these future teachers to major in subjects other than education. If we are trying to attract a future chemistry teacher to the Mississippi Delta, let's give incentives to teach to students who major in chemistry. In the process, we will attract new people who will decide to stay permanently in Mississippi education.

I support and will encourage expanding alternate certification to include more new ways to attract more people to the noblest profession.

Our current teacher retirement system pushes our best, most experienced teachers to leave the public schools after 28 years of teaching. For most teachers, that means they are departing when they are only 50 years old. Many of these teachers don't stop teaching... they just stop teaching in our public schools. They retire from the public schools and then teach either in private schools or commute to the schools in Tennessee, Alabama, Louisiana or Arkansas. Most of these teachers would love to continue teaching in our public schools... to avoid having to find a new job and the daily commute; but under the current system that makes no financial sense for them.

It is time to stop letting pension policy drive our education policy. We can address this problem in a way that keeps these seasoned teachers, who are at the peak of their careers, and does so with no adverse effects on our state employees' retirement system. I am aware of Sen. Alice Harden's work





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toward this goal during her years in the Senate, and I look forward to working with her and all of you in this effort.

Charter schools hold promise for improving education. Charter schools are public schools, which exchange increased freedom for more accountability, and they have demonstrated records of success around the country.

However, Mississippi's charter school law is the weakest in the country, and we have only one charter school in the whole state. We should reform our charter school law to encourage innovation and improvement in the public schools by giving parents and students more choices. I look forward to working with the Senate and House Education Chairmen, Senator Mike Chaney and Representative Bubba Pierce, in charting a new course for Charter Schools.

Everyone in this Chamber realizes discipline is a major problem in many of our schools. I promise you and the parents of Mississippi's half a million public school children, this Governor will stand behind our teachers and administrators in reinstituting discipline in all our schools.

Another overarching goal for our schools should be the greater use of technology in our education initiatives. Technology has revolutionized the economy, the factory floor, the consumer sector; and technology has enormous potential to improve our children's education. It's past time to acknowledge that we can and must use technology more, and more effectively in teaching our children.

For too long, we have judged politicians' commitment to education by how much money they are willing to spend. We should be judging politicians' commitment to education by the results they demand and achieve for our children. As your Governor, I'm willing to step up and support our education system, but I will be watching to make sure that support yields positive results for Mississippi's children.

Crime continues to be a statewide problem... especially drug crime. To combat it, I am restructuring my Administration so that the Mississippi Bureau of Narcotics reports to the Department of Public Safety, as was originally intended. This will unite our forces in fighting drugs and provide more support to local law enforcement across the state. Let me take this opportunity to introduce the state's newest top crime fighters: Department of Public Safety Commissioner Rusty Fortenberry, Deputy Commissioner Melvin Maxwell, Highway Patrol Chief Marvin Curtis, and Bureau of Narcotics Director George Phillips.

I will also be moving primary responsibility for Homeland Security from the Mississippi Emergency Management Agency to the Mississippi Department of Public Safety. I want to recognize Robert Latham. He and his team at MEMA have done a fine job, but the focus of Homeland Security has evolved from the recovery efforts after a terrorist event to the detection and prevention of terrorist activity. With that in mind, it makes sense that Mississippi's Homeland Security efforts be directed from our law enforcement agency. MEMA and our first responders will still be heavily involved.



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In the area of corrections, we incarcerate criminals to protect the public's safety. My goal is to house prisoners at the least cost. My administration will make increased use of county-owned regional jails and private prisons to save money.

We will be reopening the Delta Regional Correctional Facility at Greenwood. This should allow us to close some Parchman units, which are outdated and costing the state too much to operate.

In addition, I ask this Legislature to grant me the authority to house state prisoners and different classifications of prisoners at the private Tutwiler facility. If the State of Alabama can house prisoners twelve miles from Parchman at 36% less cost than we can house them ourselves, common sense says we need to capture those savings for Mississippi... and with your help we will. With that, let me introduce to you a familiar face... a man with the same job, but a new mission -- Mississippi's Department of Corrections Commissioner Chris Epps. Commissioner Epps and I look forward to working with Senator Bunky Huggins and Representative Bennett Malone.

A Healthy Mississippi is one of my key goals, and that goes far beyond the care provided by the taxpayers through Medicaid; but Medicaid is an important part of the lives of hundreds of thousands of Mississippians. We have to start managing the program better. We must get control of Medicaid spending. Controlling pharmaceutical costs, pursuing disease management strategies and offering provider and patient education are ways this Administration will more effectively run this program. I am working on a plan with our new Medicaid Director, Dr. Warren Jones, and a key expert in this area, Dr. Wally Conerly, in streamlining our Medicaid processes and making sure we serve best and waste least. Help me in saluting Dr. Jones and Dr. Conerly.

Mississippians are the most compassionate people in the world. We are committed to providing quality health care to those who cannot afford it... to those who really need it. But Mississippi taxpayers should not be asked, much less required, to provide free health care to those who can work but choose not to. Parents who work two or three jobs to take care of their families should not be forced to pay taxes to provide free health care for people who are able to take care of themselves.

The state's health insurance plan is critical to tens of thousands of Mississippians. It's time for us to look at how to reform and improve health insurance for state employees and teachers.

As important as corrections, crime, education, and workforce training policies are to the future of our state, the family is still the foundation of our society and the starting point for everything we do. As Governor, before taking a position on any proposal, I will consider its impact on Mississippi families. Government cannot create a strong family, or a loving home, but, regrettably, government policies can unintentionally undermine families.

First, I will work with you, the Department of Education, and others to get more parents and families involved in their children's schools. Nothing would help education more.



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I will propose a new law, which allows health care providers to not perform abortion services if they conscientiously object on the basis of religious or moral beliefs. Mississippi is one of only four states that do not provide any protection for the rights of conscience of health care providers. If we're ever going to end the tragedy of abortion, we have to start by changing hearts and minds one at a time, and I think this is a good start.

We who are pro-life have an obligation to promote other choices, like adoption. It is a shame that there are more abortions in Mississippi each year than there are adoptions.

We need to make it easier for people to adopt. In the last legislative session, Senator Alan Nunnelee of Tupelo introduced legislation which I am embracing -- a one-time tax credit of up to \$5,000 to help adoptive parents with the legal expenses necessary in the adoption process.

For parents who want to adopt a child into a loving home, they face a costly, bureaucratic process that makes it hard financially for them to adopt. The Department of Human Services says the average annual cost to keep a foster child in their system is \$14,250. Compared with the cost of the tax credit, the state would actually save money, while, more importantly, creating a new home for a child and extending a family.

Tonight I thought it important to share with you policy proposals to help create and retain more and better paying jobs; to make our communities safer; to improve our schools, all the way through adult education; to lead for a Healthy Mississippi; and for stronger families.

I think these are good proposals. A lot of people have participated in their development. Now, I want to work together with you to achieve these goals. I know you in the Legislature will have more ideas to contribute, and I look forward to that.

We have some serious problems to address, but we have no problem we can't solve if we work together.

And as I said last week, solving today's problems can be the springboard to seizing tomorrow's opportunities.

So, let me close with a thought or two on those enormous opportunities.

People around the country underestimate Mississippi. They underestimate our people and our potential. What's worse, we too often underestimate ourselves.

I ask you to join me in putting that kind of thinking behind us. We don't have to be last. Look at Fred Smith at FedEx, or Jim Barksdale at Netscape or John Palmer at Skytel. Look at Faith Hill and Lee Ann Rimes; Morgan Freeman and Sela Ward; Jerry Rice and Brett Favre.

Look at Leland Speed, who is a reminder that Mississippi and Mississippi companies can be the best... number one in the nation.



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I've lived that dream in my own life, and I'm determined, that working with you, we'll put our past problems behind us, and we'll quit hoping for something better to happen.

It's time we made something better happen. Yes, we can do better, but we're not stopping there. I have a vision for our state. I envision Mississippi in new, larger dimensions and bolder colors, leading the South and America by growing faster,



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working smarter, educating better and leaving no area and no group behind. I don't just envision a better Mississippi; I expect it.

I urge you to lift your horizons; raise your expectations for Mississippi.

Surely, if we work together with that attitude, future generations will look back to the first decade of the century and say, "Those were leaders. They faced up to their problems, then they embraced their opportunities. They had what it took to seize Mississippi's Moment and make a difference for those of us who followed them."

I ask you to join me in this vision. We can do it together.

Thank you. God bless you. God bless Mississippi. And God bless the United States of America.